

- Non-residential investment up 2.6% in the third quarter
- The value of BC exports fell 1.9% in August
- Housing starts continue to bounce, climbing 11.4% in September

The Economy

- **Investment in non-residential building construction in the province increased 2.6% (seasonally adjusted) to \$1.3 billion in the third quarter of 2006.** The investment growth was driven by spending on commercial (+7.8%) buildings, which offset a substantial drop in the industrial sector (-13.2%) and a 1.7% slip in institutional & government buildings.

Non-residential building construction activity continued to increase in Victoria (+14.3%), rising to \$94 million. Abbotsford also showed significant growth (+16.6%, to \$75 million), while investment in Vancouver rose a steady 2.2% (to \$707 million).

Nationally, non-residential construction expenditures grew a moderate 1.9% in the third quarter. Robust office building construction activity in Alberta and Ontario bolstered record growth in the commercial sector (+4.0%). The institutional & government (+1.2%) component also saw an increase, while investment in industrial construction (-3.5%) fell for the second consecutive quarter. Provincially, Alberta recorded by far the biggest third-quarter increase in terms of dollar value, with spending rising 7.0% to \$1.7 billion. Investment in Saskatchewan increased 11.3% to \$263 million. Non-residential building construction was down in five provinces with decreases ranging from 0.1% in Quebec to 4.5% in Newfoundland. *Data Source: Statistics Canada*

- **Exports of BC products slipped (-1.9%, seasonally adjusted) in August, following a 6.7% decline in July.** A 14.7% slump in exports of industrial and consumer products helped drive overall exports down, and shipments of machinery & auto equipment (-2.0%) and agriculture & fish products (-0.3%) also decreased. Increases in the value of shipments of forest

(+2.8%) and energy (+1.0%) products were not able to offset the declines.

Exports to the US were down 1.5% mostly due to a decline in the value of energy shipments (-5.0%), although industrial & consumer products (-2.5%) and machinery & auto equipment (-1.4%) also dropped. Despite increases in the value of overseas shipments of energy (+11.8%) and forestry (+7.4%) products, exports to destinations other than the US were also lower (-2.5%), reflecting downturns across three other major commodity groups.

At the national level, goods exports inched up 0.3% in August. Energy (-2.2%) and machinery & equipment (-1.2%) were among commodities pulling exports down. However, solid increases in shipments of automotive (+2.6%), industrial (+2.8%) and agriculture & fishing (+3.2%) products were just enough to offset the declines. Canadian exports to the US (-0.8%) decreased slightly in August, but commodities sent to the European Union (+2.1%) and Japan (+13.8%) were up considerably.

Data Source: Statistics Canada & BC Stats

- **Housing starts in the province showed continued volatility in September, posting a 1.2% increase (seasonally adjusted) following a 19.2% dip in August.** Canadian starts were down 2.4% as new home building activity dropped off in both Quebec (-9.0%) and Ontario (-3.9%). Starts were erratic in the rest of the country, with gains in other provinces ranging from 0.6% in Alberta to 29.0% in Saskatchewan, and significant declines seen in Manitoba (-19.2%) and PEI (-61.5%).

Data Source: Statistics Canada

- **The cost of new housing in BC's two largest metropolitan areas continued to rise in August.** In Victoria, new housing prices were 1.7% higher than in the same month of 2005, while

Did you know...

It is estimated that as many as 17 to 21 million Americans are afflicted with "paraskevidekatriaphobia" (the fear of Friday the 13th) *Source: National Geographic*

home builders in the Vancouver area received an average of 7.9% more for their projects. Although building prices in the capital city were lower (-2.4%) than in August of last year, rising land prices (+8.7%) continued to boost selling prices of new homes. In Vancouver, on the other hand, the increase in the cost of houses (+11.7%) far outpaced that of land (+0.8%).

- **Nationally, the cost of new housing advanced 12.1% during the twelve-month period ending in August.** All 21 metropolitan areas surveyed showed increases in the cost of buying a new home. With its high demand for new housing along with higher material and labour costs, Calgary continued to lead the country, posting a whopping 60.6% increase in new housing costs over August of last year. After Calgary, the most inflationary new housing markets were in Edmonton (+37.8%), Saskatoon and Regina (both +9.5%).

Data Source: Statistics Canada

- **The number of new vehicles purchased in the region comprised of BC and the Territories picked up speed (+2.8% seasonally adjusted) in August, following a relatively flat July (+0.1%).** Canadian vehicle sales were also up 2.8%, on the heels of a similar gain (+3.4%) in the previous month. Growth was strongest in the East, with Quebec (+6.1%) and Nova Scotia (+8.2%) posting the most significant increases. Alberta (+2.4%) saw a boost in sales similar to that of BC, while Saskatchewan (-0.1%) and Manitoba (-2.0%) both recorded declines. Nationally, increased sales in August were attributable mostly to growth in sales of trucks, vans and buses (+4.6%). Passenger cars were also on the rise, with improved sales of North American built vehicles (+6.3%) offsetting a drop in sales of those built overseas (-7.9%).

Data Source: Statistics Canada

Bankruptcies

- **In 2005, British Columbia had the lowest rate of business failures (five bankruptcies per 1,000 businesses) of all regions in Canada.** At seven bankruptcies per 1,000 firms, Ontario, Quebec and Atlantic Canada were on par with the national average, while rates were highest in the Prairies (eight per 1,000).

Approximately seven out of every 1,000 business in Canada filed bankruptcy papers in 2005, a 25 year low and significantly less than in 1992 when over 15 of every 1,000 firms failed. The economic recessions and restructuring of the early 1980s and 1990s made for an increased rate of business failures, with bankruptcy rates peaking in 1982 and 1992. Despite a similar economic slowdown in the earlier part of this decade, bankruptcy rates have remained low. However, while far fewer firms are filing for bankruptcy, the average size of net financial losses from bankruptcy has risen significantly.

Data Source: SC Cat. #11-010-XIB

Early Childhood Education

- **Most Canadian parents agree that learning in early childhood (87%), elementary years (95%), high school years (93%) and post secondary years (83%) are crucial to overall success in life.** In terms of early childhood learning, parents of young children (aged eight and under) place a higher value on fostering positive attitudes in children towards life and school, than on specifically preparing them for learning in school. Overall, parents tend to prioritize reading over play and academics in enhancing early childhood learning; however, fathers are more likely than mothers to agree that academic activities, such as attending organized classes, are critical factors. Overall, 63% of parents strongly agree that reading to young children is crucial, while fewer respondents deemed activities such as playing (53%), learning colours and shapes (53%) and attending play groups (43%) as equally important.

Data Source: Statistics Canada and Canadian Council of Learning

Correctional Services

- **For every 100,000 adults in Canada in 2004/2005, 129 were incarcerated (under custodial supervision in the country's jails), unchanged from 2003/2004.** The incarceration rate in BC was 66 adults per 100,000, up 6% from 2003/2004. Among jurisdictions, Nova Scotia had the lowest rate (42 per 100,000) and the Northwest Territories & Nunavut (680 per 100,000) had the highest.

Data Source: SC Cat. #85-002-XIE

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Tourism-Related Establishments

The size of the tourism sector

Estimating room revenue and the number of visitors entering the province is one way in which to measure the role that tourism plays in BC. Another way to determine the size of the tourism sector is to examine the number of businesses that exist in industries that are dependent on tourism. In 2005, a total of 18,094 tourism-related¹ establishments operated in British Columbia, slightly higher than the number in the previous year (18,035). Nearly one in ten of the total number of business establishments in BC (162,732, with employment, December 2005) was related to tourism in 2005.

Which industries are included?

Many of the establishments were in food and beverage services (9,603), accounting for more than half of all tourism-related industries. Transportation was the next largest industrial group with 3,485 establishments, up slightly from the number of transportation establishments (3,472) in 2004.

	Number of establishments	% of total
Food & beverage	9,603	53.1
Transportation	3,485	19.3
Accommodation	2,027	11.2
Amusement, gambling & rec	1,746	9.6
Performing arts & sports	1,010	5.6
Heritage Institutions	223	1.2
Total, tourism industries	18,094	100.0

Source: Statistics Canada Business Register
Prepared by: BC Stats

There were also 1,746 amusement, gambling, and recreation establishments in BC, along with 1,010 establishments associated with the performing arts and sports.

¹ "Tourism-related" industries, for the purpose of this analysis, are defined as those industries that are dependent on tourism activity

Many large establishments

In 2005, more than 1 in 5 establishments in the tourism sector had 20 or more employees, a considerably greater ratio than the total industrial aggregate, where less than 1 in 8 establishments had 20 or more employees. Out of the businesses that had 200 or more employees, most (63.7%) provided either accommodation or transportation services.

Number of employees	Number of establishments	% of total
1 - 4	8,177	45.2
5 - 9	3,133	17.3
10 - 19	2,980	16.5
20 - 49	2,454	13.6
50 - 199	1,204	6.7
200 +	146	0.8
Total, tourism industries	18,094	100.0

Source: Statistics Canada Business Register
Prepared by: BC Stats

Most businesses in the Southwest


Most (86.1%) of tourism-related establishments are located in three large southern development regions, with over half (56.7%) in Mainland/Southwest.

Development Region	Number of establishments	% of total
Mainland/Southwest	10,264	56.7
Vancouver Island/Coast	3,102	17.1
Thompson/Okanagan	2,227	12.3
Kootenay	914	5.1
Cariboo	688	3.8
Northeast	335	1.9
North Coast	304	1.7
Nechako	226	1.2
Total*	18,094	100.0

* Total is not exactly equal to the sum of the components, as some establishments do not have a standard geographic code

Source: Statistics Canada Business Register
Prepared by: BC Stats

 fax transmission information service from **BC STATS**

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 also on the Internet at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)			% change on one year ago
		Jul 1/06	
BC		4,310.5	1.2
Canada		32,623.5	1.0
GDP and INCOME			% change on one year ago
(BC - at market prices)		2005	
Gross Domestic Product (GDP) (\$ millions)		168,011	6.8
GDP (\$ 1997 millions)		144,028	3.5
GDP (\$ 1997 per Capita)		33,853	2.2
Personal Disposable Income (\$ 1997 per Capita)		20,693	2.5
TRADE (\$ millions, seasonally adjusted)			% change on prev. month
Manufacturing Shipments - Jul		3,403	-3.8
Merchandise Exports - Aug		2,697	-1.9
Retail Sales - Jul		4,476	1.2
CONSUMER PRICE INDEX		% change on one year ago	12-month avg % change
(all items - Aug 2006)			
BC		2.0	2.0
Vancouver		2.1	1.8
Victoria		1.8	2.0
Canada		2.1	2.5
LABOUR FORCE (thousands)			% change on prev. month
(seasonally adjusted)		Sep '06	
Labour Force - BC		2,312	0.3
Employed - BC		2,201	0.3
Unemployed - BC		111	0.3
			Aug '06
Unemployment Rate - BC (percent)		4.8	4.8
Unemployment Rate - Canada (percent)		6.4	6.5
INTEREST RATES (percent)		Oct 11/06	Oct 12/05
Prime Business Rate		6.00	4.50
Conventional Mortgages - 1 year		6.40	5.05
- 5 year		6.60	5.90
US/CANADA EXCHANGE RATE		Oct 11/06	Oct 12/05
(avg. noon spot rate) Cdn \$		1.1358	1.1707
US \$ (reciprocal of the closing rate)		0.8797	0.8545
AVERAGE WEEKLY WAGE RATE			% change on one year ago
(industrial aggregate - dollars)		Sep '06	
BC		730.10	2.9
Canada		735.97	3.2

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada
 Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics
 For latest Weekly Financial Statistics see www.bankofcanada.ca

Tourism GDP correction

We have corrected Tourism GDP posted to our site on September 5, 2006.

www.bcstats.gov.bc.ca/data/bus_stat/bcea/satacct.asp

Small Business Quarterly (FREE)

This longstanding periodical is now available for free on our site. Check out the latest issue (including data tables) and browse previous articles (previous articles have always been free for all our subscription periodicals).

www.bcstats.gov.bc.ca/pubs/pr_sbq.asp

A Guide to the BC Economy and Labour Market

The third edition of the *Guide* is now available. The *Guide* is a useful resource which provides an overview of the provincial economy and the characteristics of its workforce. Written by Lillian Hallin of BC Stats, it focuses on provincial industries with an emphasis on their human resource side. Economic terms are explained and examples provided, so that a background in economics is not needed to understand the material. The *Guide* also provides an historical perspective on how the provincial economy has developed, as well as what it may look like in the future.

www.bcstats.gov.bc.ca/pubs/econ_gui.asp

Released this week by BC STATS

- Earnings & Employment Trends, September 2006
- Exports, August 2006

Next week

- Consumer Price Index, September 2006

